



Ninetowns (NASDAQ: NINE) is a leading provider of online solutions for international trade, with key services in automating import / export e-filing, as well as in operating tootoo.com, the leading B2B search and service provider for international trade.

NASDAQ : NINE

Carefully Navigating a Turbulent Market Environment



Shuang Wang
Chief Executive Officer

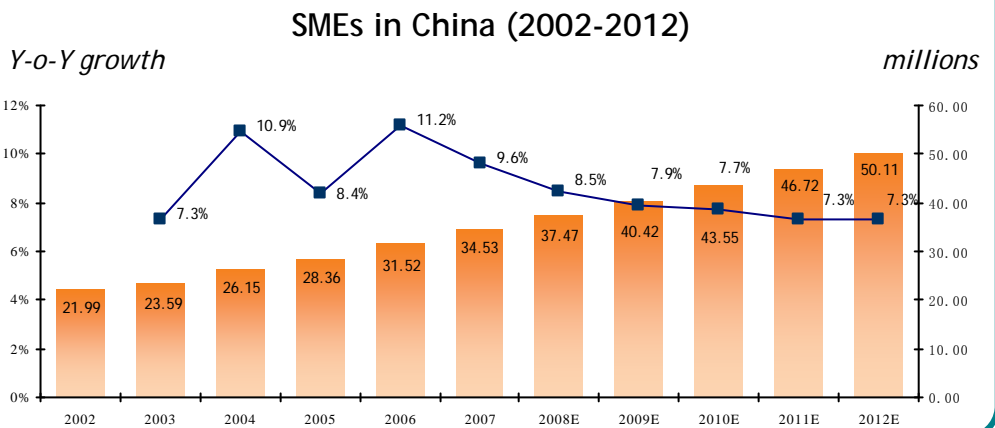
"The recent global credit and Chinese food-related crises have had a significant impact on many Chinese SMEs. In this newsletter, we would like to take the opportunity to share with you our views on these crises and the impact on NINE's business operation. Our current view is that the overall business opportunities, growth potentials and financial performances of our existing and target clients will likely be negatively impacted, thus affecting our business as well. However, the importance of Quality has been the critical issue in these recent crises, which is and will continue to be the cornerstone of our enterprise solutions for our clients."

Impact on Import/Export Industry in China

- ✓ According to China's General Administration of Customs, for the first nine months, the import and export value of China increased ~25% year-over-year
- ✓ However, international trade companies, especially SMEs in China will face some challenges due to current market conditions:
 - Potentially increasing bad debt due to lack of capital
 - Decreasing overall demand
 - Continued appreciation of RMB currency
 - Rising energy and raw material costs

Large Addressable Market

- ✓ Despite these challenges, international trade companies, especially SMEs in China, still represent a large and growing market with great potential
- ✓ As shown below, according to iResearch, SMEs are expected to continue to grow consistently for the next few years



NINE's Strategy to Enhance Shareholder Value

- ✓ NINE's shareholders are of the utmost importance to us, and each decision we make from a strategic standpoint is geared toward growing the business and maximizing shareholder value over the long term.
- ✓ Management is confident in its ability to execute on the following key strategic objectives:
 - Penetrate the user base by targeting import/export SMEs in China via both geographical and industry coverage;
 - Convert these users into paying members;
 - Up-sell our value-added services to further monetize the user base

Current Business Updates

iDeclare



- ✓ We continue to sell our flagship package iDeclare and its maintenance contract
- ✓ We expect some negative impact and a slowdown in new client development as a result of the bankruptcy and close out of SM exporters and food manufacturers due to the financial and Chinese food-related crisis.
- ✓ We carried out new payment term called Pay Per Transaction in major cities of China, such as Guangdong, Shanghai, Fujian, Jiangsu etc, in order to better serve our clients. The Pay Per Transaction charge amount varies from a RMB10 to RMB30 per transaction, depending on the regions and the nature of clients' transactions.



iQM

- ✓ We will continue to focus on the promotion in Guangdong province
- ✓ We are actively contacting other regional government agencies in China as well as actively customizing the functionalities in order to increase the possibilities of expanding into other markets.



Tootoo.com

- ✓ Continue to improve site functionality and user interface
 - Inquiry Records
 - Synchronized, Automatic Data Updates
 - Product Comparisons based on Quality
 - "Filter" Function Available for Each Category

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